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STATE FOR NEA/ARPI, EB/IFD/OIA, EB/TPP/BTA  
STATE PASS USTR FOR DOUG BELL  
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SUBJECT: STRUCTURE AND LEADERSHIP OF DUBAI PORTS OPERATIONS

1.(U) Summary: Operations and regulatory functions at Dubai's ports are held under the umbrella of the Ports, Customs and Free Zone Corporation (PCFC). Dubai Ports World (DPW) controls the commercial and cargo handling operations at several UAE ports (not including the Dubai Creek dhow wharfage), and at a growing number of ports across the globe. Dubai Customs and a newly-established Ports Authority hold overall regulatory and enforcement powers at Dubai ports. End Summary.

#### PCFC Overview

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2.(U) The Ports, Customs and Free Zone Corporation (PCFC), a Dubai government-owned corporation established by a Dubai Ruler's decree in 2001, was created as a legal entity to hold various authorities and subsidiaries that operate or regulate the ports business in Dubai. These now include Dubai Ports World (DPW), Dubai Customs, and the soon-to-be announced Dubai Ports Authority. (A fourth entity, the Jebel Ali Free Zone Authority (JAFZA), plays no role in cargo handling or regulation enforcement at the ports, serving only as a duty free zone for business activity.) Sheikh Mohammad bin Rashid Al Maktoum, Ruler of Dubai, and UAE Vice President and Prime Minister, is the chairman of PCFC, while Sultan bin Salayem is the executive chairman and handles the day-to-day management of PCFC's operations. Hamed Kazim is PCFC's Chief Financial Officer, and Jamal Majid bin Thaniah is PCFC Vice Chairman with responsibility for Dubai Ports World (DPW) and Jebel Ali Free Zone.

#### DPW History, Structure

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3.(U) DPW, under CEO Mohammed Sharaf and COO Edward Bilkey, is the result of a September 2005 merger between Dubai Ports Authority (DPA) and Dubai Ports International (DPI). Prior to the merger, DPA had been responsible for domestic (UAE) port operations while DPI handled overseas ports. In early 2005, DPI acquired CSX World Terminals for USD 1.5 billion, giving it new locations in China, Australia, Germany, the Dominican Republic and Venezuela. The former CSX ports, in addition to facilities previously purchased or being developed by DPI in India, Djibouti and South Korea, make up the bulk of DPW operations. (Late last year DPW created a new subsidiary commercial entity, Thunder FZE, expressly for the purpose of negotiating the financing and purchase of UK-owned P&O.)

4.(U) DPW's domestic operations are at Jebel Ali and Port Rashid

in Dubai, and at the ports of Abu Dhabi and Fujairah. DPW is not responsible for port management operations at the dhow wharfage on Dubai Creek. PCFC's main presence at Dubai Creek is the large Dubai Customs operation there. Even prior to the merger with DPI, DPA had not been involved in managing the loading and unloading of cargo at Dubai Creek. While DPW itself plays no role in Creek operations, a small legacy DPA unit there is responsible for ensuring adherence to port regulations. DPA had originally included two elements: (1) a large port management element related to handling of cargo and containers, and (2) a regulatory element responsible for ensuring adherence to government regulations and port ordinances. After DPA's merger with DPI, it became clear that the new entity, DPW, should not be in the business of enforcing regulations and imposing fines on violators. DPW thus recently signed an agreement with the Dubai Government according to which a new PCFC entity, to be known as the Dubai Ports Authority, will be responsible for regulatory enforcement at all of Dubai's ports. This new arrangement will become final with an announcement scheduled for early March.

#### Dubai Customs

5.(U) Dubai Customs, under Director General Ahmed Butti, regulates imports and exports to and from Dubai, enforces UAE Federal Customs policies, collects customs duties and keeps trade statistics. Dubai Customs is a member of the World Customs Organization and is currently undergoing the WCO's Customs Reform and Modernization program to make certain it is fully in compliance with the most stringent international norms. Dubai Customs hosts the region's only operational Container Security Initiative (CSI) program. Under CSI, a team of DHS agents is permanently assigned to Dubai's ports, where it works closely with Dubai Customs to identify containers requiring

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additional scrutiny. The Department of Energy's Megaports Initiative is on schedule to begin operations later this year; it includes installation of radiation detection equipment in Dubai's ports. The UAE Federal Customs Authority sets policies that should be applied and enforced by local customs agencies; it audits, regulates and oversees local customs agencies.

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